

**THE ROLE OF WEALTH AND MARKET PRICES IN IMPROVING THE
ISLAMIC ECONOMY**

**PERANAN HARTA DAN HARGA DI PASAR DALAM PENINGKATAN
EKONOMI ISLAM**

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ABSTRACT

We would like to express our gratitude to the presence of Allah SWT, because with His mercy and grace we were able to complete this assignment well regarding. The Influence of Prices and the Role of Markets in Improving the Islamic Economy. In this article, the theory of property and market mechanisms in Islam will be explained. We realize that in the preparation of this Journal there are still many errors and shortcomings, both in the wording, language and systematic discussion. Therefore, we really hope for constructive input or criticism and suggestions to encourage us to be better in the future. Finally, we would like to thank the readers who have read this journal and we hope it can be useful for all of us.

Keywords: the role of assets, prices of market, improving, Islamic economy

ABSTRAK

Puji syukur kami panjatkan atas kehadiran Allah SWT, karena dengan Rahmat dan karunia-Nya sehingga kami dapat menyelesaikan tugas ini dengan baik tentang "Pengaruh Harga dan Peran Pasar Dalam Peningkatan Ekonomi Islam". Dalam Jurnal ini, akan dijelaskan tentang teori harta dan mekanisme pasar dalam Islam. Kami menyadari bahwa dalam penyusunan Jurnal ini masih terdapat banyak kesalahandan kekurangan, baik dalam penyusunan kata, bahasa maupun sistemaika pembahasannya. Oleh sebab itu, kami sangat mengharapkan masukan atau kritikan serta saran yang bersifat membangun untuk mendorong kami untuk menjadi lebih baik kedepannya. Akhir kata, kami mengucapkan terima kepada pembaca yang sudah berkenan membaca Jurnal ini dan semoga dapat bermanfaat bagi kita semua.

Kata-kata kunci: peran harta, harga pasar, peningkatan, ekonomi islam

A. INTRODUCTION

In economics, we often hear the words property and price and their scope. In this case, the relationship is how the value of the transaction between the seller and the buyer as a replacement for the goods or services exchanged. The economy is one of the pillars of the country's life. The strength and weakness of a country's economic system is determined by pricing so that price stability occurs. However, its not easy to create an economy with stable prices because sometimes the level of demand is higher than supply and vice versa.

Pricing according to the Islamic view, there should be no element of usury in it. Traders are not allowed to make huge profits by raising prices. Traders should only make a reasonable profit as a substitute for their services.

B. RESEARCH METHOD

This type of research uses Field Research data collection methods, namely observation, interviews and documentation. This research uses a normative and sociological approach. Data collection techniques use the method; 1) Observation; 2) Interview; and 3) Documentation. The data analysis method used in this research is; 1) inductive method, namely observing first and then drawing conclusions; 2) deductive method, namely a theoretical approach to obtain confirmation based on hypotheses and observations that have been made previously

C. RESULT AND DISCUSSION

1. Property Theory in Islam
 - a. From a linguistic point of view, according to Ibn Manzur in *Lisan al-Arab*, the definition of wealth is what a person owns from the whole of something. Meanwhile, in *Mu'jam al-Wasit's dictionary*, property is anything that is owned either individually or jointly, such as property, non-transferable property, money, animals and all of these assets. Ibn al-Athir in his book *al Nihayah* , explains that wealth is originally what a person owns which comes from gold or valuables, then he *invests* or spends everything he saves, this wealth is only owned by rich or wealthy people.
 - b. From the Term Point
 - 1) The opinion of the Hanafi group is that property is an object or thing that can be controlled and, as a rule, benefit can be taken from it. What this means is that it is said to be an asset if it has two elements, namely: It can be controlled (managed/ *hiyazah*). Therefore, something that cannot be controlled/managed, for example something that is ma'nawi in nature, such as knowledge, health, glory and intelligence, is not considered a treasure. can benefit from their habits.

Therefore, something that cannot be used, such as poisonous food, or something that can be used but cannot be considered useful by humans, such as a drop of water or a handful of earth, cannot be considered a treasure because it is not useful in its units.

- 2) The opinion of the Maliki group. Al-Syatibi defines the property as anything owned where the owner himself will protect it from being taken by others.
 - 3) The opinion of the Shafi'iyah group. The Syafi'iyah group is of the opinion that it is not called property except something that has value and can be traded as long as people like it.
- c. Division of Property
- Fiqh experts group property into several parts or categories based on certain aspects, as follows:
- 1) Based on whether or not to use the thing. This is divided into two parts, namely valuable (*mutaqawwim*) and worthless (*ghairu mutaqawwim*).
 - 2) Based on whether the property is fixed or not fixed in its place, it is divided into two types, namely *al-aqar* and *al-manqul*.
 - 3) Based on the similarities in type, it is divided into *qimiy* and *mitsliy assets*.
 - 4) Based on the retention of substances after use. It is also divided into two, namely *istihlaki* and *isti'mali* . From the distribution of the types of assets above, two legal consequences will arise, namely the law of making contracts (agreements) and compensation.
- d. Islamic View of Property Islam is a religion that contains beliefs and rules. The element of aqidah is to worship Allah SWT and worship Him, while the basis of Allah SWT's rules is to guarantee the happiness of society, guarantee the rights of individuals, families, society and the country so that it does not conflict with the common good and is in line with the will of the religious shari'a. Islam encourages people to try to get wealth in a good way and spend or spend the wealth for themselves, family, relatives, society, etc. Property is a way for people to meet the needs of human life. Islam encourages its followers to become a people who have wealth. Although the instruction to own the property is done indirectly, but in this case the Prophet SAW once mentioned that the hand above is better than the hand below. His words clarify that the position of those who are wealthy and like to give alms is better than those who only beg. Islam does not prohibit its people from having a lot of wealth as long as the wealth that they have does not prevent them from continuing to worship God. SWT.
- e. The Correct Way to Use Assets According to Islamic Views
- 1) First: for your own use. The way to use property for one's own needs is in a form that does not inconvenience other people and also not in a form that can cause waste. In this case,

Islam encourages its followers to spend their wealth in the way of Allah SWT so that the profits and benefits can be used by many people. Allah SWT has forbidden mankind from making this wealth only circulate among rich people (al Hasyr verse 7). Apart from that, Islam prohibits its followers from storing and freezing assets. Islam encourages its followers to distribute wealth in various ways that have been outlined, including through infaq, waqf, alms, etc.

- 2) Second: For the benefit of the people. How to use assets related to the interests of the wider community is also determined by Allah SWT and the *ijtihad* of the leaders. The *ijtihad* of these leaders can be used if the legal provisions are not stipulated in a *qath'i text*. The use of property is not absolute because its use must be in accordance with the foundations established in Islamic law. In this case, the Baitul Mal institution acts as a medium that channels people's rights to individual property collected through zakat and taxes to be given back to those who are entitled to receive it. The way society claims rights to a person's property can be done in two ways, namely by the individual himself, such as providing assistance to orphans, and secondly, it can be claimed through the government from wealth savings stored in Baitul Mal.

2. Understanding Markets and Market Concepts in Islam

- a. In general, the market is an economic element that can realize the benefit and welfare of human life. The market in business reality is a mechanism that can bring together sellers and buyers to carry out transactions on goods and services, both in the form of production and price determination.
- b. Understanding sharia, the word sharia comes from Arabic, usually called *asy-syari'ah* (mufrad from *syara'i* and literally means "path to a water source" and "place for people who drink". According to the term (terminology), the word *syari'ah* can be explained in two terms, namely the general (broad) sense of sharia and the specific. According to the general (broad) sense, Islamic sharia means the provisions of Islamic religious teachings which are based on the Al-Qur'an and the Sunnah of the Prophet. peace be upon him. In this specific sense, sharia is the legal provisions or regulations that regulate all actions and behavior of Muslims.

c. Market Concept in Islam

The following are the conditions for market formation in Islam:

- 1) There are sellers
- 2) There are buyers
- 3) There are goods or services being traded
- 4) the existence of *Ijab* and *Qobul* or the occurrence of an agreement between the seller and the buyer.

In the Islamic market concept, the price of goods is determined based on the principle of *ard wa ta'ab* (supply and demand) while monitoring external influences. The meeting of demand and supply must occur willingly, in the sense that *neither* party feels forced to carry out transactions at that price level. The Islamic view of the market is also based on the prohibition of every form of injustice, namely all trading practices that are inconsistent with or deviate from religious provisions.

d. Market Mechanisms in Trading

In the Islamic concept, market trading must be based on values and ethics that originate from basic religious values that uphold honesty and justice. In a transaction, both parties can sell and buy goods from each other sincerely, meaning there is no interference or interference from other parties in determining the price of the goods. The following are the principles that underlie the creation of an Islamic market:

- 1) In the Islamic trading concept, price determination is carried out by market forces, namely the forces of demand and supply. The agreement for demand and supply to occur must occur voluntarily, no party feels forced to carry out transactions at that price level.
- 2) The market mechanism in the Islamic concept prohibits dishonest cooperation systems (*kong kalikong*). Islam does not require a coalition between consumers and producers, although it does not rule out production concentration.
- 3) In Islamic duopoly, oligopoly is not prohibited from existing as long as they do not make profits above normal profits. This is a consequence of the concept of price equilibrium. Producers who operate in a profitable position will invite other producers to enter the same market so that the quantity of output offered increases, and prices will fall. New producers will continue to enter the business until prices fall so much that profits are exhausted. In this situation, producers who are already in the market have no incentive to leave the market, and producers who have not yet entered the market have no incentive to enter the market.
- 4) Competitive market conditions encourage everything to be open. As God said in Surat *An-Nisa* verse 29 which means: O you who believe, do not consume one another's property in false ways, except in the way of business that takes place with mutual consent among you. and do not kill yourselves, indeed Allah is Merciful to you. Like each other means that they both allow each other's situation to be known by others, meaning producers and consumers directly know the advantages and disadvantages of the goods in the market, thus making all parties get satisfaction. When producers sell

their products not openly, the public will tend to feel dissatisfied, so they will choose other producers.

- e. The practice of prohibited transaction activities in the market
- That in carrying out trade in the market, Islam has regulated that competition between traders in the market is carried out in a fair and honest manner. All forms of transactions that cause injustice and that can result in a tendency to increase the price of goods unjustly are strictly prohibited in Islam. In worship, the legal rule that applies is that all things are prohibited, except those that are stipulated based on the Qur'an and Al-Hadith. Meanwhile, in matters of *muamalah*, everything is permitted unless there is an argument that prohibits it. This means that when a new transaction appears and has not been previously known in Islamic law, then the transaction can be accepted, unless there are implications from the Qur'an and Al-Hadith that prohibit it. Thus, in the field of *muamalah*, all transactions are permissible except those that are prohibited. The following are various transactions that are prohibited in Islam:

- 1) Haram in essence (*haram li-za'tihi*) is a transaction prohibited because the object (goods and/or services) that is transacted is also prohibited, for example liquor, carcasses, pork and so on. So, the sale and purchase of alcoholic beverages or goods prohibited in Islam is haram, even if the sales contract is valid. As Allah SWT said in Surat *An-Nahl* verse 115.
- 2) Haram in addition to its substance (*Haram li gairihi*)
 - a) Violating the principle of ' *an tara'd in minkum* ', namely fraud (*Tadlis*). Every transaction in Islam must be based on the principle of consent between both parties (*mutual consent*). They must have the same information so that no party feels cheated (cheated) because there is something where one party does not know the information that the other party knows, then this is called *tadlis*, and *tadlis* can occur in 4 (four) things, including : Quantity, *tadlis* in quantity for example is a trader who reduces the measure (weighing) of the goods he sells, quality, *tadlis* in quality for example a seller who hides defects in the goods he offers, price, *tadlis* in price for example is taking advantage of buyers' ignorance of market prices by increasing the price of the product beyond the market price, delivery time, *tadlis* on delivery time, for example a fruit farmer who sells fruit out of season even though the farmer knows that he cannot deliver the promised fruit on time.
 - b) Violates the principle of *la tazlimu na wa la tuzlamun*
 - *Gharar* or *Taghrir* means doubt, or action aimed at harming another party. A contract contains elements of *Garar*, because there is no certainty,

whether or not there is the object of the contract, the size of the amount or the delivery of the contract. *Garar*, also called *tagrir*, is something where *incomplete information occurs* due to uncertainty on both sides of the transaction. In *tadlis* what happens is that one party does not know what the other party knows, whereas in *garar* or *tagrir*, both parties do not know what is being transacted.

- *Ihtikar* (hoarding of goods) is something that people need, then storing it, so that the goods are reduced on the market and result in an increase in prices. This kind of hoarding is prohibited in Islam because it can harm other people because of the speed at which goods are obtained and their prices are high and soaring on the market. In other words, hoarders make huge profits under the suffering of others.
- Demand Engineering (*Bai'an Najasy*) is a buying and selling transaction when the seller tells other people to praise his goods or bid his goods at a high price so that others are interested in buying them. The seller himself did not intend to actually buy the item. It just wants to deceive other people who really want to buy it. Previously this person had made an agreement with the seller to buy at a high price so that there would be a real buyer at a high price with the intention of deceiving. As a result, there is a false demand (*False Demand*).
- Riba is the exchange of something with something else, which cannot be seen to be equal according to the shari'a scales at the time of the contracts, or accompanied by ending in exchange or only one of them.
- Bribery (*Risywah*) is giving something to another party to get something that is not their right. Bribery is prohibited because bribery can damage the existing system in society, giving rise to social injustice and equality of treatment. Those who pay bribes will definitely benefit compared to those who do not pay.
- Haram because the contract is invalid/complete is a transaction that is caused by the invalidity of a contract. These types of transactions can be divided into three, namely:
 - ✓ Failure to fulfill the terms and conditions of a transaction.

- ✓ *Ta'alluq* occurs , namely a transaction where 2 (two) mutually binding contracts occur, so the validity of contract 1 depends on contract 2.
 - ✓ *Two in one or Syafqatain fi' al-syafqah* is a condition where a transaction is supported by two contracts at once.
- f. Understanding Business Ethics in Islam

The word ethics comes from the Greek word *Ethos* which means morals, manners, morals, good manners and manners. Ethics is also defined as rules regarding good and bad behavior, therefore these rules must not be violated. Or ethics is often connected with morals, in Islam ethics or morals are more often known as Akhlaq. In the opinion of Istiyono Wahyu and Ostaria, ethics is the main branch of philosophy that studies values or qualities. Ethics includes the analysis and application of concepts such as right and wrong, good and bad, and responsibility.

According to the Indonesian dictionary, the term ethics has various meanings. One of its meanings is the principle of behavior that regulates individuals and groups. The second meaning according to the dictionary, ethics is the study of morality, although ethics is related to morality, it is not exactly the same as morality. Ethics is a kind of study, both the study activity and the results of the study itself, while morality is the subject. Ethics is a science that explores individual moral standards and the moral standards of society.

From the explanation above, it can be concluded that ethics is something that is done well and correctly, not doing anything bad, carrying out rights and obligations in accordance with morals and doing everything with full responsibility.

Meanwhile, in Islam, ethics is the morality of a Muslim in carrying out all activities, including in the business sector. Meanwhile, business means a trading business, commercial business in the world of trade and the business sector. Business can be defined as the exchange of goods, services or money that is mutually beneficial or beneficial. In the opinion of Yusanto and Wodjajakusuma, business is defined as an organization that carries out production and distribution activities or sales of goods and services desired by consumers to obtain profits. The goods in question are products that physically have a form (can be sensed) while services are activities that provide benefits to consumers or other business actors.

From the explanation above, Islamic business can be interpreted as a series of business activities in various forms which are not limited to the amount of ownership of assets (goods and services) including profits but are limited in how the assets are acquired and utilized (there are halal and haram rules). In the

sense that the implementation of business must adhere to the provisions of the Shari'a, the rules in the Al-Qur'an and Al-Hadith.

It can be concluded that Islamic business ethics is defined as good and bad, right and wrong, reasonable or unnatural, appropriate or inappropriate human behavior in the business world and added with halal and haram. Islamic business ethics are very necessary in the business journey for business people because the success of business people is also influenced by these business ethics. To run a business, business people will carry out business activities in the form of: (1) producing or distributing goods and services, (2) seeking profits and trying consumer desires.

In conducting business, business people should rely on the principles of business ethics, namely those regarding what is good and what is not good, what is permissible and what is not permissible, what is halal and haram in doing business. The main reason for the need for business ethics is that business requires people who act honestly between business people and the community because in business the profits achieved are the result of partners with other communities. The basic philosophy that is an important note for Islamic business is that in every step of human life there is a conception of the relationship between humans and humans, their environment and humans and God (*Habhlum min Allah wa Hablum min an-nas*). In other words, Islamic business is not merely a manifestation of pragmatic human relations, but is also a manifestation of total worship of the Creator. As well as the relationship between humans and humans, humans and their environment, as well as the relationship between humans and their God which in religious language is known as (*Hablum min Allah wa hablum min an-nas*).

g. Principles of Islamic Business Ethics

In general, the principles that apply in good business activities cannot be separated from our lives as humans. Likewise, these principles are closely related to the value system observed by each society. As special ethics or applied ethics, the ethical principles that apply in business are actually the application of ethical principles in general. Ethics in business is the application of Islamic teachings based on the Al-Qur'an and the Sunnah of Rasulullah SAW in the business world. The principles of business ethics will be explained as follows:

- 1) The principle of autonomy is that human attitudes and abilities in acting must be based on their own awareness of what they consider good to do. An autonomous business person is a person who is fully aware of what his obligations are in the business world. To act autonomously requires freedom to make decisions and act based on the best decisions. The same thing applies in the business sector, a

business person can only act ethically if he is given the freedom to take full authority to make decisions and act according to what he thinks is good. Only with freedom can he make the right choices and develop his business well according to what he thinks is good. he wants. To a certain extent, humans are endowed with *free will* to direct and guide their own lives as caliphs on earth. However, autonomy also presupposes responsibility and this is a very important element of the principle of autonomy.

- 2) The principles of Honesty and Truth are requirements for fairness in employment relationships. And honesty is closely related to trust. Trust itself is a very valuable asset in business matters. 47 There are still many business people who base their business on deception or fraudulent actions. The Qur'an does not approve of deception in any form.
- 3) This principle of justice is absolutely necessary in accordance with fair rules and in accordance with rational, objective and accountable criteria. Justice demands that no party's rights and interests should be harmed. Reality shows that issues of justice are reciprocally related to business activities. On the one hand, the realization of justice in society will create good and conducive conditions for the continuity of good and healthy business. On the other hand, injustice will give rise to social phenomena that disturb business people. It is not surprising that until now justice has always been an important topic in business ethics, especially in Islamic business ethics.
- 4) The Principle of Profitability and Voluntarism demands that business be run in such a way that it benefits all parties, so if the principle of justice demands that no party's rights and interests should be harmed, the principle of mutual benefit and positive volunteerism demands the same thing, namely that all parties make an effort. to mutually benefit each other. This principle is primarily the nature and objectives of business. In order to maintain the practical instructions above, the Qur'an and Sunnah emphasize the importance of having a sense of faith in Allah SWT so that it is always emphasized, including in matters of business or trade which are mutually valid between both business parties.

The principle that monopoly is not permitted is to prevent goods from circulating in the market so that the price rises. And the risks are even more fatal if this monopoly is implemented in groups. The main cause of monopoly is egoism and hardness of heart towards God's servants. Monopolists increase their wealth by narrowing the lives of other people. From the explanation above, Islam forbids monopoly, which is one of the two supporting elements of greedy and authoritarian capitalism. And another supporting element of capitalism is usury.

D. CONCLUSION

1. Conclusion

In discussing the theory of wealth, we find that humans really need wealth to fulfill their needs and desires, both to meet their current and future needs. Now wealth has become a necessity for humans throughout the world, with ownership of this property it can become a source of economic strength for individuals, communities and countries. Nowadays, human attention to wealth is so intense, it is even more confusing to see that Muslims continue to be shackled and blinded by greed for wealth and power and poverty, thus forgetting the teachings of Islam. The market mechanism in the Islamic concept prohibits dishonest cooperation, Islam does not require a coalition between producers and consumers although it does not rule out production concentration.

2. Suggestion

In the making of this Journal does not exclude the possibility that there are still many shortcomings. Because we are aware that this journal is far from perfect. Therefore, constructive criticism and suggestions are very much expected from various parties in order to improve the next piece of writing.

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